



# County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA  
Chief Executive Officer

June 25, 2014

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From: William T Fujioka  
Chief Executive Officer

## SACRAMENTO UPDATE

### Executive Summary

This memorandum contains reports on the following:

- **Pursuit of County Position to Support SB 663 (Lara).** This measure would require that beginning in FY 2014-15, any revenue generated and collected from a voter-approved property tax rate to support pension programs must be allocated to the city, county, or city and county whose voters approved the tax. Therefore, unless otherwise directed by the Board, consistent with: 1) existing Board-approved policy to support legislation that enhances the administration of property taxes by using more efficient methods of administration and that clarifies, streamlines, and outlines clear property tax policy for local governments; and 2) the Board's action of May 20, 2014, directing the Sacramento advocates to support Administrative and/or legislative proposals to direct that the tax increment generated by pension taxes levied, in addition to the general property tax rate, be retained by the city that levied the pension tax, **the Sacramento advocates will support SB 663.**
- **Status of County-Sponsored Legislation**
  - **County-sponsored AB 2275 (Ridley-Thomas)** - related to electronic access to vital records, failed to pass the Senate Judiciary Committee on June 24, 2014.

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- **Status of County-Advocacy Legislation.** Updates on six County-advocacy measures related to: 1) paid sick days to employees; 2) Vote-by-Mail applications; 3) home loan modifications; 4) the California AmeriCorps Program; 5) county veterans service officers; and 6) Medi-Cal Program records.
  - **Legislation of County Interest.** Updates on three measures of significant interest to the County related to: 1) a State preclearance system for voting-related laws and policies; 2) conducting special elections; and 3) sexually exploited and trafficked minors.
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### **Pursuit of County Position on Legislation**

**SB 663 (Lara)**, which as amended on June 18, 2014, would require that beginning in FY 2014-15, any revenue generated and collected from a voter-approved property tax rate to support pension programs must be allocated to the city, county, or city and county whose voters approved the tax. Specifically, SB 663 would require that:

- if a redevelopment agency (RDA) pledged revenues generated from a voter-approved pension tax to pay a portion of the enforceable obligations or debt of the former RDA on an approved Recognized Obligation Payment Schedule (ROPS), then the successor agency shall continue to pledge these pension tax revenues in an equal/similar amount to pay the remaining enforceable obligations until the debt is paid in its entirety;
- pension tax revenues to be allocated to the city, county, or city and county whose voters approved the tax, unless the affected city, county, or city and county receives and approves a written request with each ROPS cycle from a successor agency requesting use of a portion of these revenues to pay any enforceable obligations on an approved ROPS;
- any pension tax revenues approved for allocation to a successor to pay any enforceable obligations must only be allocated to the requesting successor agency: 1) after all other moneys in the successor agency's ROPS have been exhausted; 2) in the amount necessary to pay the enforceable obligation for an applicable ROPS cycle; and 3) until such time that the enforceable obligation has been completely paid off; and

- any excess pension tax revenue pledged to pay any enforceable obligation shall be allocated or paid back to the city, county, or city and county whose voters approved the pension tax.

In addition to the above requirements, SB 663 clarifies that all pension tax revenue allocations made by county auditor-controllers prior to July 1, 2014, are correct and shall not be affected by this measure. Further, under the provisions of SB 663, a city, county, or city and county, county auditor-controller, successor agency, and/or affected taxing entity shall not be subject to any claim for any money, damages, or reallocated revenues based on how pension tax revenues were allocated prior to July 1, 2014.

Community Redevelopment Law, until 2011, allowed local governments to: establish redevelopment agencies (RDAs); prepare and adopt redevelopment plans; and finance redevelopment activities/projects. As the assessed valuation of a redevelopment project area increased above its base-year valuation, the net increase in property tax revenues - known as property tax increment - was allocated to the RDA, rather than the underlying local government (i.e. city or county). Subsequently, ABX1 26 (Chapter 5, Statutes of 2011) dissolved RDAs and established successor agencies to manage the process of unwinding the affairs of former RDAs, with one of the primary responsibilities of successor agencies to make payments on the enforceable obligations (i.e. bonds, bond-related payments, loans, judgments/settlements, etc.) of former RDAs. Successor agencies must, every six months, draft a list of enforceable obligations, otherwise known as the Recognized Obligation Payment Schedule (ROPS), to be paid during the subsequent six-month period. The obligations listed on the ROPS are to be paid from the Redevelopment Property Tax Trust Fund (RPTTF), which contains the revenues that would have been allocated as tax increment to a former RDA.

Consistent with existing law, most county auditor-controllers, including the County's Auditor-Controller, deposit property tax increment revenues, which include pension levy revenues generated in former RDA project areas into the RPTTF as tax increment. All funds in the RPTTF, including these comingled pension-related tax increment revenues, are then distributed by auditor-controllers for statutory and contractual pass-through payments to appropriate taxing entities, enforceable obligations of the former RDA, and permissible administrative costs of the successor agencies. After meeting outstanding obligations, residual funds are distributed to appropriate taxing agencies within the former RDA, including the county, city, school districts, and special districts. According to the Auditor-Controller, it is estimated that the County received, as an affected taxing entity, approximately \$1.6 million during the previous 12-month period in pension-related tax increment levied within the County.

In Los Angeles County, the following 12 cities have voter-approved property tax rates that support pension programs:

- |                    |                   |
|--------------------|-------------------|
| 1. Bell            | 7. Maywood        |
| 2. Compton         | 8. Monrovia       |
| 3. El Monte        | 9. Montebello     |
| 4. Huntington Park | 10. Monterey Park |
| 5. Inglewood       | 11. San Fernando  |
| 6. Lynwood         | 12. San Gabriel   |

Enactment of administrative or legislative proposals directing that future tax increment generated by pension tax levies be retained by the city that levied the pension tax will ensure that these funds are used for the original voter-approved intended purpose. Consequently, approval of remedies to ensure that voter-approved pension levies are directed to the appropriate cities will result in tax increment revenue reductions to the affected taxing entities, including the County and special districts, because the total amount of tax increment deposited into the RPTTF will be reduced since those revenues will be directly allocated to the cities that assessed those levies.

Consistent with the May 20, 2014 Board-approved motion, this office, the Sacramento advocates, the Auditor-Controller, and County Counsel worked with Senator Lara, the author of SB 663, and his staff to address this matter through the State Budget process; however, it was later determined that this issue would need to be addressed outside of the State Budget and via the legislative process; hence, SB 663 was amended to include these provisions.

This office, Auditor-Controller, and County Counsel support SB 663. Therefore, unless otherwise directed by the Board, consistent with: 1) existing Board-approved policy to support legislation that enhances the administration of property taxes by using more efficient methods of administration and that clarifies, streamlines, and outlines clear property tax policy for local governments; and 2) the Board's action of May 20, 2014, directing the Sacramento advocates to support Administrative and/or legislative proposals to direct that the tax increment generated by pension taxes levied, in addition to the general property tax rate, be retained by the city that levied the pension tax, **the Sacramento advocates will support SB 663.**

SB 663 is scheduled to be heard in the Assembly Local Government Committee on June 25, 2014.

### **Status of County-Sponsored Legislation**

**County-sponsored AB 2275 (Ridley-Thomas)**, which as amended on April 10, 2014, would provide local agencies with the option to provide constituents access to their vital records via an electronic identification process, failed to pass the Senate Judiciary Committee on a 3 to 4 vote on June 24, 2014. This measure will not proceed this year.

### **Status of County-Advocacy Legislation**

**County-opposed AB 1522 (Gonzalez)**, which as amended on June 15, 2014, would require employers, beginning July 1, 2015, to provide paid sick days to employees who work 30 or more days in a calendar year, passed the Senate Judiciary Committee on a 5 to 2 vote on June 24, 2014. This measure now proceeds to the Senate Appropriations Committee.

**County-supported AB 1596 (Garcia)**, which as introduced on February 4, 2014, would require that Vote-by-Mail applications specify that the only appropriate destination to mail back applications is the county registrar's office, passed the Senate Elections and Constitutional Amendments Committee on a 5 to 0 vote on June 24, 2014. This measure now proceeds to the Senate Floor.

**County-supported AB 1730 (Wagner)**, which as amended on June 5, 2014, would give prosecutors the discretion to charge persons and/or entities who demand advance fees to purportedly assist with home loan modifications with a felony rather than a misdemeanor, passed the Senate Public Safety Committee on a 7 to 0 vote on June 24, 2014. This measure now proceeds to the Senate Appropriations Committee.

**County-supported AB 2328 (Pérez)**, which as amended on June 9, 2014, would establish the California AmeriCorps Program to administer Federal AmeriCorps Program grants to recruit, train and place volunteers in community settings, and to provide student loan assistance for the volunteers, passed the Senate Governmental Organization Committee on June 24, 2014 by a vote of 10 to 0. This measure now proceeds to the Senate Appropriations Committee.

**County-supported AB 2703 (Quirk-Silva)**, which as amended on May 23, 2014, would require the California Department of Veterans Affairs, no later than January 1, 2015, to develop an allocation formula based upon performance to encourage innovation and reward outstanding service by county veterans service officers; declare the intent of the Legislature to fund the activities of county veterans service officers; and provide an

additional \$400,000 for disbursement to the counties to encourage innovation and reward outstanding service by these officers, passed the Senate Veterans Affairs Committee by a vote of 5 to 0 on June 24, 2014. This measure now proceeds to the Senate Appropriations Committee.

**County-supported SB 1341 (Mitchell)**, which as amended on May 6, 2014, would codify the existing agreement between the Brown Administration, Covered California, and counties regarding the respective roles of the Statewide Automated Welfare System (SAWS) and the California Healthcare Eligibility, Enrollment, and Retention System (CalHEERS); and require SAWS to be the system of record for the Medi-Cal Program and contain all Medi-Cal eligibility rules and case management functionality, among other provisions, passed the Assembly Health Committee by a vote of 17 to 0 on June 24, 2014. This measure now proceeds to the Assembly Appropriations Committee.

#### **Legislation of County Interest**

**AB 280 (Alejo)**, which as amended on June 18, 2014, would establish a State preclearance system for any voting-related law, regulation, or policy that a political subdivision seeks to enact. Specifically, the measure provides that if a political subdivision, including counties, seeks to enact or administer any voting-related law, regulation, or policy that is different from that in force on the date the bill is enacted, the governing body of the political subdivision would be required to submit the law, regulation, or policy to the Secretary of State for approval. AB 280 would apply to political subdivisions with two or more protected classes that each represents 20 percent of the citizen voting-age population. **This office will work with the Registrar-Recorder/County Clerk and County Counsel to determine County impact.**

AB 280 passed the Senate Elections and Constitutional Amendments Committee on a 3 to 1 vote on June 24, 2014. This measure now proceeds to the Senate Appropriations Committee.

**AB 1873 (Gonzalez)**, which as amended on May 28, 2014, would allow counties, until January 1, 2020, to conduct legislative and congressional special elections predominantly by mail, passed the Senate Elections and Constitutional Amendments Committee on a 5 to 0 vote on June 24, 2014. This measure now proceeds to the Senate Floor.

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**AB 2035 (Chesbro)**, which as amended on May 23, 2014, would: 1) provide that a minor may become a dependent child of the court if the minor is a victim of human trafficking, sexual exploitation, received food or shelter in exchange for sexual acts, and the parent or guardian failed or was unable to protect the child; and 2) require training for an administrator of a group home facility, licensed foster parent, or relative or nonrelative extended family member caregiver to include instruction on providing adequate care to a sexually exploited and trafficked minor in out-of-home care.

AB 2035 passed the Senate Judiciary Committee, with amendments, by a vote of 6 to 0 on June 24, 2014. The amendments approved in committee, which are not yet in print, include a sunset provision related to commercially sexually exploited children coming under the jurisdiction of the juvenile dependency court on January 1, 2017 to allow the Legislature to evaluate whether the dependency system is able to appropriately serve these children. This measure now proceeds to the Senate Appropriations Committee.

We will continue to keep you advised.

WTF:RA  
MR:VE:IGEA:ma

c: All Department Heads  
Legislative Strategist  
Local 721  
Coalition of County Unions  
California Contract Cities Association  
Independent Cities Association  
League of California Cities  
City Managers Associations  
Buddy Program Participants